

Hardware/Software/Services Ordering Guidelines

For

Multiple Award ID/IQ Contracts and Blanket Purchase Agreements

I. Hardware, Software, and Services **(When a Statement of Work is not required)**

Multiple Award ID/IQ Contracts:

- Use CHESSE *it e-mart*/Contractor website, <https://CHESSE.army.mil> to view offerings or request quotes.
- FAR 16.505(b) is applicable.
- Actions > \$3,000, Contracting Officer must follow fair opportunity rules, unless a statutory exception applies.

- Award based on evaluation of price and other factors.

If an exception to fair opportunity applies, document basis for exception in a determination to waive competition: urgent need; only one awardee is capable because supplies or services are unique or highly specialized; logical follow-on to existing order, provided fair opportunity provided for original order; satisfy contract minimum.

Determinations to waive competition for orders for supplies or services under Multiple Award Contracts based on one of the statutory exceptions must be approved at the levels specified in FAR 6.304. Contracting officers must ensure requirements offices provide adequate information to support determinations to waive competition, to include the results of market research and data to support why further competition is not in the Government's best interest. The J&A content requirements at FAR 6.303-2 outline what contracting officers and requirements activities must consider. These procedures apply per [Director, Defense Procurement and Acquisition](#) September 13, 2004, Memorandum, Subject: Approval Levels for Sole Source Orders under Federal Supply Schedules (FSSs) and Multiple Award Contracts (MACs).

- Brand name: Even if otherwise complying with fair opportunity, justify a brand name specification in writing IAW the standard set forth at FAR 11.105(a) to include the need for the brand name and the results of market research that supports other products not meeting the agency need. (NOTE: Orders should limit the specification of a brand name IAW the referenced FAR 11.105(a) provision per OMB April 11, 2005, Memorandum, Subject: Use of Brand Name Specifications).

Document: Rationale for Decision, FAR 16.505(b)(4) to include basis for award and rationale for any tradeoffs, or basis for waiver of competition pursuant to exception under FAR 16.505(b)(2), and obtain waiver approval at the level specified in FAR 6.304 as applicable. Also, justify brand name IAW the standard set forth at FAR 11.105(a).

Orders under GSA Schedule BPAs:

- Use CHES*S it e-mart*/Contractor website, <https://CHES.S.army.mil> to view offerings or request quotes.
- FAR 8.405-3(b) is applicable.
- Actions > \$3,000:

Single BPA – 8.405-3(b) (1) - may place order directly, without adhering to 8.405-1 ordering procedures, if the establishment of the BPA complied with FAR 8.405-1 ordering procedures and 8.405-3(a).

Multiple BPAs – 8.405-3(b)(2) – “Forward the requirement ... and evaluation criteria to an appropriate number of BPA holders, as established in the BPA ordering procedures; evaluate the responses received, make a best value determination (see 8.404(d)) and place the order with the BPA holder that represents the best value.” If restricting consideration to fewer than “an appropriate number of BPA holders, as established in the BPA ordering procedures,” document a “Limited Source Justification” IAW FAR 8.405-6.

Brand name: Justify a brand name specification in writing IAW the standard set forth at FAR 11.105(a) to include the need for the brand name and the results of market research that supports other products not meeting the agency need or, if a “Limited Source Justification” is otherwise required, IAW FAR 8.405-6. (NOTE: Orders should limit the specification of a brand name IAW the referenced FAR 11.105(a) provision per OMB April 11, 2005, Memorandum, Subject: Use of Brand Name Specifications.)

Note:

Pursuant to AFARS 5117.7802, ASA(ALT) July 12, 2005, Memorandum, Subject: Proper Use of Non-Department of Defense (Non-DoD) Contracts, applies to all orders against GSA Schedule contracts exceeding the simplified acquisition threshold and requires a written certification from the head of the requiring activity, among other requirements, before placing order. (See memorandum at [Assistant Secretary of the Army Acquisition, Logistics and Technology](#)).

II. Services
(When a Statement of Work is required)

Multiple Award ID/IQ Contracts:

- \$3,000 - \$150K – Fair Opportunity – FAR 16.505(b) - same as hardware/software process, see above.

- > \$150K – Competitive Basis – DFARS 216.505-70 applies, instead of FAR 16.505(b)(1) and (2) and implements Section 803 of the National Defense Authorization Act for Fiscal Year 2002 (Pub. L. 107-107).

- Provide fair notice of the intent to make the purchase, including a description of the work the contractor shall perform and the basis upon which the contracting officer will make the selection, to all contractors offering the required services under the multiple award contract; and afford all contractors responding to the notice a fair opportunity to submit an offer and have that offer fairly considered.

- Contracting officer may waive the DFARS 216.505-70 competitive basis requirements only if he/she makes written determination that one of the exceptions to the fair opportunity process in FAR 16.505(b)(2)(i) –(iv) applies: urgent need, only one awardee capable because supplies or services are unique or highly specialized; logical follow-on, provided fair opportunity provided for original order; necessary to satisfy contract minimum; or if a statute expressly authorizes or requires purchase from specified source.

- Determinations to waive competition for orders for supplies or services under Multiple Award Contracts based on one of the statutory exceptions must be approved at the levels specified in FAR 6.304. Contracting officers must ensure requirements offices provide adequate information to support determinations to waive competition, to include the results of market research and data to support why further competition is not in the Government's best interest. The J&A content requirements at FAR 6.303-2 outline what contracting officers and requirements activities must consider. These procedures apply per Director, Defense Procurement and Acquisition September 13, 2004, Memorandum, Subject: Approval Levels for Sole Source Orders under Federal Supply Schedules (FSSs) and Multiple Award Contracts (MACs).

- Acquisition of services through an order that is not performance-based requires approval IAW DFARS 237.170-2(a) for DoD and AFARS 5137.170-3(a) for Army. General guidance on performance-based acquisition is provided at FAR Subpart 37.6.

- Document: Rationale for decision, FAR 16.505(b) (4) to include basis for award (must consider price or cost), or basis for waiver of competition pursuant to exception under FAR 16.505(b) (2) and obtain waiver approval at the level specified in FAR 6.304 as applicable. For DoD services acquired through an order that is not performance-based, obtain approval IAW DFARS 237.170-2(a) or AFARS 5137.170(3) (a), as applicable.

Note: For orders that have combined Hardware/Software Not Requiring a SOW and Services Requiring a SOW, if the value of the services requiring a SOW portion of an order under a Multiple Award ID/IQ Contract exceeds \$150K, apply the requirements of DFARS 216.505-70.

Fair Opportunity Governance:

Orders for services with a value:

\$3,000 or less IAW Simplified Acquisition Procedures, see FAR Subpart 13.2

> \$3,000 to \$150,000 FAR 16.505(b)

Exceeding \$150,000 DFARS 216.505-70

**III. Other Considerations For Orders For Which Consultation
With Counsel Might Be Advisable****• Small Business Bundling:**

Orders may be subject to compliance with FAR requirements for a bundled contract. The FAR requirements for a bundled contract are set forth at FAR 7.107. The definition of “bundling” and “bundled contract” are set forth at FAR 2.101(b).

• Consolidation:

DoD orders may be subject to compliance with regulatory requirements for consolidation of contract requirements. The DFARS requirements for consolidation of contract requirements are set forth at DFARS 207.170-2. For Army, the approval authority for a consolidation determination, if required, is set forth at AFARS 5107.170.

IV. References for Multiple Award ID/IQ Contract Orders**Exceptions to Fair Opportunity:**

FAR 16.505(b) (2) - Exceptions to Fair Opportunity Requirement. Conditions for exception to the fair opportunity requirement for Delivery or Task Order issuance under ID/IQ contract:

(1) The agency need for the supplies or services is so urgent that providing a fair opportunity would result in unacceptable delays.

(2) Only one awardee is capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized.

(3) The order must be issued on a sole-source basis in the interest of economy and efficiency because it is a logical follow-on to an order already issued under the contract, provided that all awardees were given a fair opportunity to be considered for the original order.

(4) It is necessary to place an order to satisfy a minimum guarantee.

Exceptions to Competitive Basis Requirement:

DFARS 216.505-70(b) (1) and (2) - Exceptions to Competitive Basis Requirement. Conditions for waiver of competitive basis requirements for task orders issued under DFARS 216.505-70:

- (1) The agency need for the supplies or services is so urgent that providing a fair opportunity would result in unacceptable delays.
- (2) Only one such awardee is capable of providing the supplies or services required at the level of quality required because the supplies or services ordered are unique or highly specialized.
- (3) The order must be issued on a sole-source basis in the interest of economy and efficiency because it is a logical follow-on to an order already issued under this contract, provided that all awardees were given fair opportunity to be considered for the original order.
 - (4) It is necessary to place an order to satisfy a minimum guarantee.
 - (5) A statute expressly authorizes or requires the purchase be made from a specified source.

Decision Documentation:

FAR 16.505(b) (4) – Decision documentation for ID/IQ orders. Documentation required to support task or delivery orders under ID/IQ contracts is prescribed as follows:

The contracting officer shall document in the contract file the rationale for placement and price of each order, including the basis for award and the rationale for any tradeoffs among cost or price and non-cost considerations in making the award decision. This documentation need not quantify the tradeoffs that led to the decision. The contract file shall also identify the basis for using an exception to the fair opportunity process. If the agency uses the logical follow-on exception, the rationale shall describe why the relationship between the initial order and the follow-on is logical (e.g., in terms of scope, period of performance, or value).

For sole source orders, determinations to waive competition for orders for supplies or services under Multiple Award Contracts based on one of the statutory exceptions must be approved at the levels specified in FAR 8.405-6 (per DFARS 216.505-70(b)) and must ensure requirements offices provide adequate information to support determinations to waive competition, to include the results of market research and data to support why further competition is not in the Government's best interest. The J&A content requirements at FAR 8.405-6(g) outline what contracting officers and requiring activities must consider.

Definitions of “bundled contract” and “bundling” at FAR 2.101:

The definitions of “bundled contract” and “bundling” set forth at FAR 2.101(b) are as follows:

“Bundled contract” means a contract where the requirements have been consolidated by bundling. (See the definition of bundling.)

“Bundling” means –

- (1) Consolidating two or more requirements for supplies or services, previously provided or performed under separate smaller contracts, into a solicitation for a single contract that is likely to be unsuitable for award to a small business concern due to—
 - (i) The diversity, size, or specialized nature of the elements of the performance specified;
 - (ii) The aggregate dollar value of the anticipated award;
 - (iii) The geographical dispersion of the contract performance sites; or
 - (iv) Any combination of the factors described in paragraphs (1) (i), (ii), and (iii) of this definition.
- (2) “Separate smaller contract” as used in this definition, means a contract that has been performed by one or more small business concerns or that was suitable for award to one or more small business concerns.
- (3) “Single contract”, as used in this definition, includes—
 - (i) Multiple awards of indefinite-quantity contracts under a single solicitation for the same or similar supplies or services to two or more sources (see FAR 16.504(c)); and
 - (ii) An order placed against an indefinite quantity contract under a—
 - (A) Federal Supply Schedule contract; or
 - (B) Task-order contract or delivery-order contract awarded by another agency (*i.e.*; Government wide acquisition contract or multi-agency contract).
- (4) This definition does not apply to a contract that will be awarded and performed entirely outside of the United States.

Small Business Bundling Compliance Requirements:

FAR 7.107 – Additional Requirements for Acquisitions Involving Bundling: a) Bundling may provide substantial benefits to the Government. However, because of the potential impact on small business participation, the head of the agency must conduct market research to determine whether bundling is necessary and justified (15 U.S.C. 644(e) (2)). Market research may indicate that bundling is necessary and justified if an agency or the Government would derive measurably substantial benefits (see 10.001(a) (2) (iv) and (a) (3) (vi)).

(b) Measurably substantial benefits may include, individually or in any combination or aggregate, cost savings or price reduction, quality improvements that will save time or improve or enhance performance or efficiency, reduction in acquisition cycle times, better terms and conditions, and any other benefits. The agency must quantify the identified benefits and explain how their impact would be measurably substantial. Except as provided in paragraph (d) of this section, the agency may determine bundling to be necessary and justified if, as compared to the benefits that it would derive from contracting to meet those requirements if not bundled, it would derive measurably substantial benefits equivalent to –

(1) Ten percent of the estimated contract or order value (including option) if the value is \$94 million or less; or

(2) Five percent of the estimated contract or order value (including options) or \$9.4 million, whichever is greater, if the value exceeds \$94 million.

(c) Without power of delegation, the service acquisition executive for the military departments, the Under Secretary of Defense for Acquisition, Technology and Logistics for the defense agencies, or the Deputy Secretary or equivalent for the civilian agencies may determine that bundling is necessary and justified when—

(1) The expected benefits do not meet the thresholds in paragraphs (b) (1) and (b) (2) of this section but are critical to the agency's mission success; and

(2) The acquisition strategy provides for maximum practicable participation by small business concerns.

(d) Reduction of administrative or personnel costs alone is not sufficient justification for bundling unless the cost savings are expected to be at least 10 percent of the estimated contract or order value (including options) of the bundled requirements.

(e) Substantial bundling is any bundling that results in a contract or order that meets the dollar amounts specified in 7.104(d)(2). When the proposed acquisition strategy involves substantial bundling, the acquisition strategy must additionally--

(1) Identify the specific benefits anticipated to be derived from bundling;

(2) Include an assessment of the specific impediments to participation by small business concerns as contractors that result from bundling;

(3) Specify actions designed to maximize small business participation as contractors, including provisions that encourage small business teaming;

(4) Specify actions designed to maximize small business participation as subcontractors (including suppliers) at any tier under the contract, or order, that may be awarded to meet the requirements;

(5) Include a specific determination that the anticipated benefits of the proposed bundled contract or order justify its use; and

(6) Identify alternative strategies that would reduce or minimize the scope of the bundling, and the rationale for not choosing those alternatives.

(f) The contracting officer must justify bundling in acquisition strategy documentation.

(g) In assessing whether cost savings would be achieved through bundling, the contracting officer must consider the cost that has been charged or, where data is available, could be charged by small business concerns for the same or similar work.

(h) The requirements of this section, except for paragraph (e), do not apply if a cost comparison analysis will be performed in accordance with OMB Circular A-76.

Consolidation Compliance Requirements:

DFARS 207.170 - Consolidation of contract requirements.

207.170-1 Scope.

This section implements 10 U.S.C. 2382.

207.170-2 Definitions.

As used in this section—

“Consolidation of contract requirements” means the use of a solicitation to obtain offers for a single contract or a multiple award contract to satisfy two or more requirements of a department, agency, or activity for supplies or services that previously have been provided to, or performed for, that department, agency, or activity under two or more separate contracts.

“Multiple award contract” means—

(1) Orders placed using a multiple award schedule issued by the General Services Administration as described in FAR Subpart 8.4;

(2) A multiple award task order or delivery order contract issued in accordance with FAR Subpart 16.5; or

(3) Any other indefinite-delivery, indefinite-quantity contract that an agency enters into with two or more sources for the same line item under the same solicitation.

207.170-3 Policy and procedures.

(a) Agencies shall not consolidate contract requirements with a total value exceeding \$5.5 million unless the acquisition strategy includes—

(1) The results of market research;

(2) Identification of any alternative contracting approaches that would involve a lesser degree of consolidation; and

(3) A determination by the senior procurement executive that the consolidation is necessary and justified.

(i) Market research may indicate that consolidation of contract requirements is necessary and justified if the benefits of the acquisition strategy substantially exceed the benefits of each of the possible alternative contracting approaches. Benefits may include costs and, regardless of whether quantifiable in dollar amounts—

(A) Quality;

(B) Acquisition cycle;

(C) Terms and conditions; and

(D) Any other benefit.

(ii) Savings in administrative or personnel costs alone do not constitute a sufficient justification for a consolidation of contract requirements unless the total amount of the cost savings is expected to be substantial in relation to the total cost of the procurement.

(b) Include the determination made in accordance with paragraph (a) (3) of this section in the contract file.

Consolidation Approval Authority for Army:

AFARS 5107.170 -- Consolidation of contract requirements.

5107.170-3 Policy and procedures. (S-90) Authority to make the consolidation determination prescribed at DFARS 207.170-3(a) (3) is hereby delegated as follows:

(a) Where the total value of the consolidated requirements is \$500 million or more, the Deputy Assistant Secretary of the Army (Policy and Procurement) will make the determination.

(b) Where the total value of the consolidated requirements is above \$5.5 million and up to \$500 million, the Head of Contracting Activity (HCA) will make the determination. For actions where the total value of the consolidated requirements does not exceed \$100 million, the HCA's authority under the previous sentence may be delegated to the Principal Assistant Responsible for Contracting, without further delegation. [AFARS Revision #17, dated September 14, 2005] [AFARS Revision #21, dated May 22, 2007] [AFARS Revision #23, dated May 16, 2008]

Not Performance-Based Approval Requirement:

DFARS 237.170-2 Approval requirements.

(a) *Acquisition of services through a contract or task order that is not performance based.*

(1) For acquisitions at or below \$85.5 million, obtain the approval of the official designated by the department or agency.

(2) For acquisitions exceeding \$85.5 million, obtain the approval of the senior procurement executive.

(b) *Acquisition of services through use of a contract or task order issued by a non-DoD agency.*

Comply with the review, approval, and reporting requirements established in accordance with Subpart 217.78 when acquiring services through use of a contract or task order issued by a non-DoD agency.

Not Performance-Based Approval Requirements for Army:

5137.170-2 Approval requirements.

(a) (1) (A) Over \$11.5 million and not to exceed the dollar threshold identified at [DFARS 237.170-2\(a\) \(2\)](#):

(1) For non-Program Executive Officer (PEO) managed items obtain approval of the HCA.

(2) For PEO managed items obtain approval of the PEO.

(B) At or below \$11.5 million:

(1) For non-PEO managed items obtain approval of the Principal Assistant Responsible for Contracting (PARC).

(2) For PEO managed items obtain approval of the Program Manager (PM)

(2) Follow the approval requirements at [DFARS 237.170-2\(a\) \(2\)](#) for acquisitions exceeding the dollar threshold identified at that DFARS subsection.

(b) Approval will be in accordance with the oversight of service acquisition review thresholds described in 5137.590-4.

(c) See 5117.7802 for the Army review and approval requirements for direct and assisted acquisitions addressed in Enclosure 2, paragraph 4, Management Review and Approval Requirements.